

V I R G I N I A:

BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE:

Application of Pocahontas Gas Partnership
for Pooling of Interests in the Sealed Gob Area
Affected by Production Unit Number BUS1, VGOB No. 0716-136
in the Hurricane Magisterial District
of Buchanan County, Virginia

This cause came on this 20th day of August, 1991, upon the application of Pocahontas Gas Partnership requesting that this Board pool the interests of all owners having an interest in the coalbed methane gob gas in the 930-acre production unit known as BUS1, established for the development of coalbed methane gob gas from a mined out, sealed area in Consolidation Coal Company's Buchanan No. 1 Mine, in the Hurricane Magisterial District of Buchanan County, Virginia. Notice of the filing of the application herein and of the time, date and place of hearing thereon was duly and properly given to each owner of record having an interest in the occluded coalbed methane gas below the Tiller seam of coal underlying the tracts within the production unit covered hereby as required by Section 45.1-361.19 of the Code of Virginia, 1950 as amended. The Board examined the notice as given and further conducted inquiry into the sufficiency of Pocahontas Gas Partnership's search to determine names and whereabouts of owners who may be affected by the pooling of interests for the production of occluded coalbed methane gob gas below the Tiller seam of coal in the production unit involved herein.

The Board finds that Pocahontas Gas Partnership has exercised due diligence and conducted a meaningful search of reasonably available

sources at hand, including, but not limited to, grantor/grantee indexes, deed books, will records, tax records, local telephone books, and conducted conversations and correspondence with interested parties. The Board hereby approves the notice as given, by certified mail, by publication and otherwise, as meeting the statutory requirements, rules of the Board, and minimum standards of state and federal due process, and finds that notice has been given in all respects as required by law and the rules of this Board.

Based upon the evidence presented, the Board finds that the following named persons may be owners of coalbed methane gas interests in the sealed gob area below the Tiller seam of coal in the production unit involved herein who have not voluntarily agreed to pool their interests in this unit for its development and operation:

1. Shirley Geneva Vance Keene, Route 1, Box 96, Oakwood, VA 24631
2. Tivis Dewey Vance, 454 Old Hawkensville Road, Bonaire, GA 31005
3. Robert Daniel Vance, 1590 Carolina Avenue, Burton, SC 29902
4. James Edgar vance, 108 Red Oak Ct., Bryon, GA 31008
5. Sandra Kay Vance Belcher, Route 2, Box 306, Glade Springs, VA 24340
6. Jackie Darrel Vance, 6958 Windgate Court, Talbott, TN 37877
7. Gerold Dwayne Vance, P. O. Box 969, Norton, VA 24273
8. Sharon Deniece Vance Matney, P. O. Box 580, Big Rock, VA 24603
9. Ed Vance, Hickock Street, Christiansburg, VA 24073
10. T. C. Allen Heirs, P. O. Box 398, Crane, TX 79731

11. James E. Phillips Heirs, c/o Larry Blankenship, 2726 Clinch Street, Richlands, VA 24641
12. Coy Blankenship, Address Unknown
13. Mary Blankenship Street Heirs, Address Unknown
14. William Duty, Address Unknown
15. Ocie Stiltner, Route 2, Box 434, Grundy, VA 24614
16. Lillie Hurt, 2332 North Hamilton Avenue, Chicago, IL 60647
17. Larry Blankenship, 2726 Clinch Street, Richlands, VA 24641
18. Howard Hess Heirs, Address Unknown
19. Patton Blankenship, Box 108-A, Paynesville, WV 24873
20. Jennie Boyd, General Delivery, Matoka, WV 24736
21. Teddy Chevez, 509 1/2 East Third Street, Roswell, NM 88201
22. Lois Chevez, 420 East Fifth Street, Roswell, NM 88201
23. Ronnie Chevez, PRSNR #58478, Cell Block #2, P. O. Box 1059, Santa Fe, NM 87501
24. Tommy Chevez, PRSNR #33703, P. O. Box 1059, Santa Fe, NM 87501
25. Elva Ball, Box 87, Star Route, Rowe, VA 24646
26. Thelma Blankenship, Box 84, Star Route, Rowe, VA 24646
27. Lucy B. Belcher, Box 331, Oakwood, VA 24631
28. Dorothy B. Harman, P. O. Box 144, Tazewell, VA 24651
29. Trula B. Harman, Box 633, Oakwood, VA 24631
30. Ruby B. Cox, Box 780, Oakwood, VA 24631
31. Royce Street, General Delivery, Cedar Bluff, VA 24609
32. Arthur Blankenship, P. O. Box 93, Rowe, VA 24646
33. David Blankenship, General Delivery, Oakwood, VA 24631
34. James H. Blankenship, Box 537, Keen Mountain, VA 24624
35. Bill L. Blankenship, General Delivery, Oakwood, VA 24631

36. Herbert Blankenship, P. O. Box 14, Rowe, VA 24646
37. Granvel Blankenship, P. O. Box 40, Rowe, VA 24646
38. Inez Gribble, 176 Frevis Avenue, Columbus, OH 43206
39. Wallace Blankenship, P. O. Box 196, Mavisdale, VA 24627
40. Ervin Blankenship, P. O. Box 155, Augusta, WV 24704
41. Geraldine Moore, R.R. 3, Box 85, Hazard, KY 41701
42. William More, 1517 Belleview, Plaquemine, LA 70764
43. James Richard Moore, 74226 McImtjue Road, Abita Springs, LA 70420
44. Berthy Whitt Heirs, Address Unknown
45. Jim Whitt Heirs, Address Unknown
46. Parley Whitt Heirs, Address Unknown
47. Mirt Whitt Heirs, Address Unknown
48. Pearl Whitt, Address Unknown
49. Oma Rose, Box 113, Rowe, VA 24646
50. Ola Hess, Address Unknown
51. Pauline Burress, 551 Dogwood Road, Tazewell, VA 24651
52. Thelma Jackson, Route 1, Box 207A, Cedar Bluff, VA 24609
53. Carlene Blankenship, Route 6, Box 153, Buckhannon, WV 26201
54. Sara Blankenship Heirs, Address Unknown
55. L. D. Blankenship, General Delivery, Rowe, VA 24646
56. Estil Blankenship, 8712 Lea Lane, Alexandria, VA 22309
57. Lawson Blankenship, Route 1, Box 337, Vansant, VA 24656
58. Willard Blankenship, General Delivery, Rowe, VA 24646
59. Curtis Blankenship, 4 Clearmont Drive, Greenville, SC 29609
60. Harlan Blankenship, General Delivery, Rowe, VA 24646
61. Ilean Sanders, General Delivery, Rowe, VA 24646

62. Rosey Blankenship Seavers, 1141 Tennessee Street, Knoxville, TN 37921
63. Martha Deturk, P. O. Box 264, Rochester, IN 46975
64. Virgie Blankenship Rose, Box 34, Brockport, PA 15823
65. Clarence Blankenship, Box 89, Star Street, Rowe, VA 24646
66. Oma Ball, Box 144, Bradshaw, WV 24817
67. Coy Blankenship, Route 1, Box 385, Tazewell, VA 24651
68. Lacy Vance, Box 153, Pineville, WV 24874
69. Hershel Helton, Address Unknown
70. Virgil Helton, Address Unknown
71. Betty Helton, Address Unknown
72. Buford Ball, Address Unknown
73. Anita Ball, Address Unknown
74. Ulys Ball, Address Unknown
75. Hazel Keene, Address Unknown
76. Clyde Blankenship, Jr., Address Unknown
77. Ruby Blankenship, Address Unknown
78. Iva Lee Kennedy, Address Unknown
79. Lucy Whitt Justice, Address Unknown
80. Ethel Street, 660 Steeles Lane, Tazewell, VA 24651
81. James C. Blankenship Heirs, (Grandson), Address Unknown
82. Caroline Blankenship Street, c/o Elbert C. Street, Route 4, Box 148, Bluefield, WV 24701
83. Gracie Street, Route 1, Box 223, Raven, VA 24639
84. Unis Street, General Delivery, Doran, VA 24612
85. Geneva Blankenship, Box D 195, White Sulphur Springs, WV 24986
86. Freddie Street, P. O. Box 1382, Lebanon, VA 24266

87. Mildred Ratliff, Route 1, Box 42, Rowe, VA 24646
88. Ray Street, 11 Oregon Avenue, Wilmington Manor Gardens, New Castle, DE 19720
89. Rick Street, P. O. Box 1385, Honaker, VA 24260
90. Ron Street, P. O. Box 4211, Rosedale, VA 24280
91. Phyllis Street, Box C 140, White Sulphur Springs, WV 24986
92. Lethie Altizer, Box 138, Oakwood, VA 24631
93. Vida Street, P. O. Box 150, Whitewood, VA 24657
94. Pauline Chaffins, General Delivery, Mouthcard, KY 41548
95. Daisy Burris, Box 95, Pilgrim Knob, VA 24634
96. Mavis Martin, Route 3, Box 172, Lebanon, VA 24266
97. Mozelle Kampouris, 405 C Kalen Drive, St. Louis, MO 63114
98. Lona Street, General Delivery, Rowe, VA 24646
99. Mrs. Clifford Blankenship, Route 3, Box 171B, Lebanon, VA 24266
100. Mrs. Arnold Blankenship, General Delivery, Rowe, VA 24646
101. Elbert Blankenship Heirs, Address Unknown
102. Florence Street Heirs, Address Unknown
103. Cosby Blankenship Heirs, Address Unknown
104. Gene Atwater, 417 Laurel Hill Drive, Burlington, NC 27215
105. Greta Woosley, Address Unknown
106. Sam Blankenship, Jr., 114 Elsworth Street, Martinsville, VA 24112
107. Danny Blankenship, Route 6, Box 79, Martinsville, VA 24112
108. Denny Blankenship, Route 6, Box 78, Martinsville, VA 24112
109. Darlis Groves, 5730 Colgate Avenue, Youngstown, OH 44515
110. Hensley Street, P. O. Box 143, Rowe, VA 24646
111. Henry Street, P. O. Box 143, Rowe, VA 24646

112. Arthur Street, Route 1, Box 465, Tazewell, VA 24651
113. Joe Street, 660 Steeles Lane, Tazewell, VA 24651
114. Eilene Rasnake, P. O. Box 150, Rowe, VA 24646
115. Betty Sue Woodridge, Address Unknown
116. Annabelle Eaton, Address Unknown
117. Clarence Street, General Delivery, Rowe, VA 24646
118. Beulah Keene, General Delivery, Rowe, VA 24646
119. Marie Byrd, General Delivery, Cedar Bluff, VA 24609
120. Ellen Byrd, Route 1, Box 6A, Bandy, VA 24602
121. Agnes Cooper, HRC Box 66, Jewell Ridge, WV 24622
122. Franklin Street, Address Unknown
123. Velvy Duty, Address Unknown
124. Ola Gay Smith, 207 Azalea Street, Charlottesville, VA 22903
125. Roosevelt Blankenship, Route 2, Box 502, Saltville, VA 24370
126. Pergin Blankenship, 5845 N. Maplewood, Chicago, IL 60659
127. Ora Street, Box 86, Rowe, VA 24646
128. Fanny Blankenship, Address Unknown
129. Surry Blankenship, Address Unknown
130. Arch Blankenship, Address Unknown
131. Howard Blankenship, Address Unknown
132. Marge Blankenship, Address Unknown
133. Osie Blankenship, Address Unknown
134. Elick Blankenship Heirs, Address Unknown
135. Ebb Blankenship Heirs, Address Unknown
136. Clarence Blankenship, Box 74, Star Route, Rowe, VA 24646
137. Melody Sestito, 1877 Abbyville Road, Valley City, OH 44280

138. Jeffery Glenn Hale, 114 Luna Street, Alexandria, VA 22306
139. Margie Smith Hale, 114 Luna Street, Alexandria, VA 22306
140. Kendra Hale, 114 Luna Street, Alexandria, VA 22306
141. Bertha Lester Hale, 4743 Wilson Blvd., Abingdon, VA 24210
142. Mary Doris Hopkins, Box 45, McConnell, WV 25633
143. Lula Hale, Box 262, Davy, WV 24828
144. Donald Everett Hale, c/o David Hale, Box 262, Davy, WV 24828
145. Dorothy Robertson, 5205 Wythe Avenue, Richmond, VA 23226
146. Daniel V. Hale, 2233 Patsy Lane, Columbus, GA 31963
147. Nancy L. Keys, 4710 Mayview Ct., Blue Springs, MO 64015
148. Genevieve Marshall, Box 71, Caples, WV 24820
149. David Wayne Hale, Box 262, Davy, WV 24828
150. Charles Whited, 27279th Street, Cuyahoga Falls, OH 44221
151. John Vance, 3569 Franklin Road, Stow, OH 44224
152. Ida Dye, 4728 Lee Highway, Bristol, VA 24201
153. Carl Perkins, 8312 Camp Road, Rt. 5, Mt. Vernon, OH 43050
154. Clyde Perkins, 7679 Co. Rd. 20, Mr. Gilhead, OH 43338
155. Lawrence Perkins, Box 1252, Star Rt. 314, Mansfield, OH 44903
156. Betty Girimo, 51 Nautilus Drive, Leonardo, NJ 07737
157. Jack Mullins, 33 Spruce Street, Hazlett, NJ 07737
158. William Hale, P. O. Box 575, Knoxville, TN 37901
158. Don Hale Heirs, Address Unknown
160. Billy Vance, Address Unknown
161. Helen T. Martin, 108 Naomi Drive, Kearneysville, WV 25430
162. Joan Hale, 1898 Shore Drive South, South Pasadena, FL 33707
163. Sandra Trent, P. O. Box 1137, Crab Orchard, WV 25827

164. Dewey Hale, Box 60, Saxon, WV 25180
165. Bonnie Harless, 917 Lincoln Drive, South Charleston, WV 25309
166. Rosa Hale, Box 228, Lester, WV 25865
167. Roger Hale, Box 228, Lester, WV 25865
168. Jerry Hale, Box 228, Lester, WV 25865
169. Virginia Young, Box 228, Lester, WV 25865

Based upon the evidence presented, the Board finds that, in order to avoid the drilling of unnecessary wells, prevent the various types of waste and protect the correlative rights of all owners and potential owners of occluded coalbed methane gas in the sealed gob area known as the BUS1 production unit involved herein, who have not heretofore reached an agreement with respect to development and operation of the production unit covered hereby shall be required to pool their coalbed methane gas interests below the Tiller seam of coal for the development of this production unit, upon the terms and conditions set out in this order, all of which terms and conditions are found, after consideration of the evidence presented in this cause, to be supported by substantial evidence and to be just, reasonable and equitable and such as will afford each occluded coalbed methane gas owner or potential owner in this unit the opportunity to recover or receive their just and equitable share of production from this unit.

Based upon the evidence presented at the public hearing in this matter, the Virginia Gas and Oil Board orders as follows:

1. The interests of all owners, as named above, in the 930-acre production unit established in the lands involved herein for the

production of occluded coalbed methane gob gas from the sealed gob area known as BUS1 are hereby pooled for the development and operation of this unit. Pocahontas Gas Partnership is hereby authorized to convert vertical ventilation wells BCH-DG-25 (CBM-PGP-25), BCH-DG-28 (CBM-PGP-28), BCH-DG-30 (CBM-PGP-30), BCH-DG-33 (CBM-PGP-33), BCH-DG-36 (CBM-PGP-36), BCH-DG-39 (CBM-PGP-39), BCH-311 (CBM-PGP-311), BCH-DG-311A (CBM-PGP-311A) and BCH-DG-312 (CBM-PGP-312) into coalbed methane gas wells to produce occluded coalbed methane gas from the sealed gob area as shown on Exhibit B-1. Pocahontas Gas Partnership is authorized to complete and operate these wells in BUS1 production unit so as to produce occluded coalbed methane gas from the pooled acreage, consistent with the terms and provisions of its applicable well work permits and the BUS1 production unit order approved by this Board on June 18, 1991.

2. Each owner of occluded coalbed methane gas below the Tiller seam of coal involved herein, other than Pocahontas Gas Partnership shall, within 30 calendar days after the date of mailing this Order, deliver to Pocahontas Gas Partnership, P. O. Box 230, Mavisdale, VA 24607, a written election either to participate in the operation of the wells covered hereby or to exercise such well operator's right of election under this Order as described below. A timely election shall be deemed to have been made if an owner, on or before the last day of such 30 calendar day period, has sent such written election by telegram or telegraph to Pocahontas Gas Partnership, or, has had such written election duly postmarked and has placed such written election in the United States mail, first class, postage prepaid, duly addressed to Pocahontas Gas Partnership

at the address set forth above. The alternatives afforded to the well operators herein pooled are set forth below.

Each occluded coalbed methane gas owner or potential owner herein pooled claiming an interest as to the occluded coalbed methane gas below the Tiller seam of coal derived from any tract within the drilling unit involved herein is accorded the following options as to such interest:

(a) Participation: To participate in the working interest in and the development of the occluded coalbed methane gas below the Tiller seam of coal in the production unit involved herein by agreeing to pay such well operator's proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of the wells covered hereby and by paying as set forth herein, to Pocahontas Gas Partnership, such owner's proportionate part of the \$4,179,443.30 estimated cost of drilling, completing, equipping, operating, plugging and abandoning of the initial wells covered hereby. A participating operator's proportionate part of the anticipated cost of completion and share of the production from such wells shall be in the proportion that the number of net mineral acres in the unit covered by the occluded coalbed methane gas rights owned by such party bears to the entire number of mineral acres in this unit.

With respect to additional vertical ventilation wells converted to coalbed methane production wells, or new wells drilled as coalbed methane wells in the BUS1 production unit, a participating operator shall pay his proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning any such new or additional well, as provided in this paragraph, or may elect to be treated as a carried

operator as provided in paragraph (b) below in the new well. The election to participate in the initial nine (9) wells shall not be affected by an election to be treated as a carried operator in any new well. To ensure the ability to separate and properly account for coalbed methane gas produced from any new well, Pocahontas Gas Partnership shall install a separate meter to measure production from the new well; or

(b) Carried interest: In lieu of participating in the working interest in and the development of the pool in this gob gas production unit, as set forth in subparagraph (a) above, to elect to share in the operation of the wells covered hereby on a carried basis (as a carried well operator) so that the proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of such wells allocable to such carried well operator's interest is charged against such carried well operator's share of production from such wells. All of such carried well operator's occluded coalbed methane gas rights below the Tiller seam of coal in the pool in the gob gas production unit involved herein are relinquished under this order to Pocahontas Gas Partnership until the proceeds from the sale of the share of production from the wells accruing to such carried well operator's interest in the production unit involved herein, exclusive of any royalty, excess or overriding royalty, or other non-operating or non-cost bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such interest, equals three hundred percent (300%) for a leased interest or two hundred percent (200%) for an unleased interest of the share of the cost of drilling and completing the well allocable to the occluded coalbed methane gas interest of such carried well operator; plus

one hundred percent (100%) of the carried operator's share of the cost of surface equipment beyond the wellhead connection of such wells allocable to the interest of such carried well operator; plus one hundred percent (100%) of the share of the cost of operating such wells allocable to the occluded coalbed methane gas interest of such carried well operator. Such carried well operator's proportionate part of the costs of, and the production from the wells covered hereby is to be in the proportion that the number of net mineral acres in the unit covered by the occluded coalbed methane gas interest owned or potentially owned by such carried well operator bears to the entire number of mineral acres in such unit. During the period of time Pocahontas Gas Partnership is entitled to receive such carried well operator's share of production or the proceeds therefrom, Pocahontas Gas Partnership shall pay all applicable production, severance, excise, gathering and any other taxes based upon or measured by the value or amount of production and shall separately calculate and pay to such carried well operator, for payment to the appropriate owner, any royalty, excess or overriding royalty and any other non-operating or non-cost bearing burden reserved in any lease, assignment thereof or agreement relating thereto which is deducted from the share of production of such carried well operator. Such royalty, excess or overriding royalty and other non-operating or non-cost bearing burden is not to be subject to any charge for operating costs. Payment by Pocahontas Gas Partnership to such carried well operator of any such royalty, excess or overriding royalty or other non-operating or non-cost bearing burden shall be made within ninety (90) days after the end of the calendar month within which the production subject to such burdens is sold. Within sixty (60) days after the

completion of the wells covered hereby, Pocahontas Gas Partnership shall furnish such carried well operator an inventory of the equipment used in and connected to the wells and an itemized statement of the cost of drilling, completion and equipping the wells for production; and for each month thereafter, during the time Pocahontas Gas Partnership is being reimbursed as provided above, Pocahontas Gas Partnership shall furnish to such carried well operator an itemized statement of all costs and liabilities incurred in the operation of such wells, together with a statement of the quantity of occluded coalbed methane gas produced therefrom and the amount of proceeds realized from the sale of the production allocable to such carried well operator's interest in the unit during the preceding month. Pocahontas Gas Partnership shall also furnish to the State Gas and Oil Inspector, copies of the same statements furnished to each carried well operator under the provisions hereof. Any amount realized from the sale or other disposition of equipment used in connection with any operation of the well covered hereby, which would have been owned by such carried well operator had such owner participated therein as a participating well operator, shall be credited against the total uncovered well costs in determining when the interest of such carried well operator shall revert to such owner as described above. When Pocahontas Gas Partnership recovers all costs and applicable penalties from such carried well operator's relinquished interest, provided for above, the relinquished interest of such carried well operator shall automatically revert to such owner, and from and after such reversion, such carried well operator shall be treated as a participating well operator and shall own the same interest in the wells, the material and

equipment in or pertaining thereto and the production therefrom, as such owner would have been entitled to had such owner participated initially as a participating well operator in the drilling, completing, and equipping of the wells; and thereafter, such owner shall be charged with and shall pay the owner's proportionate part of the further costs of the operation of the wells.

(c) Cash Consideration: In lieu of participating in the working interests in and the development of the gob gas production unit involved herein, any owner of an unleased interest may elect to receive, as a bonus, a sum of ONE DOLLAR (\$1.00) per net mineral acre owned by such owner, plus a total royalty in the amount of one-eighth of eight-eighths ($1/8$ th of $8/8$ ths) of the occluded coalbed methane gas and gas condensate produced from the wells covered by this Order, the same to be delivered into the lease tanks or into the pipelines to which the wells are connected, free and clear of all costs, expenses and risks incurred in or in connection with drilling, equipping, operating, completing, plugging and abandoning of the wells. Any well operator electing this option shall deliver under this Order a net revenue interest of 87.50% of $8/8$ ths of the occluded coalbed methane gas and gas condensate produced from the wells covered by this Order, with such net revenue interest being determined by deducting from such owner's share of production the royalty provided for immediately above; and provided further, that such royalty of $1/8$ th of $8/8$ ths and such net revenue interest of 87.50% of $8/8$ ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the drilling unit covered by the occluded coalbed

methane gas rights owned by such well operator bears to the entire number of mineral acres in this unit; or

(3) In the event an owner or potential owner of an occluded coalbed methane gas lease or an owner of an unleased tract, who is subject to the provisions of this Order shall fail to timely and properly elect, in writing, one of the applicable options as set forth above, such owner shall be deemed to have elected not to participate in the working interest in the well covered hereby and shall be deemed to have leased his interest in the occluded coalbed methane gas to the designated coalbed methane gas well operator as provided in paragraph 2(c) above. In the event an owner or potential owner of a leased interest or an unleased interest, who is subject to the provisions of this Order, shall elect to act as a participating well operator under 2(a) above, but thereafter fail or refuse to pay or secure the payment of such well operator's proportionate part of the cost of the well covered hereby as set forth in such provisions, such election to act as a participating operator under this Order shall be null and void and such well operator shall become a carried well operator consistent with the terms and provisions of this Order.

(4) If any payment of bonus, royalty payment or other payment, including the payment of any costs necessary to perfect the participation option, due and owing under this Order cannot be made because the person entitled thereto cannot be made certain due to conflicting claims of ownership and/or a defect or cloud on the title, then such cash bonus, royalty payment or other payment shall be deposited by the unit operator into an interest-bearing escrow account as required by Section 45.1-361.22 of the Code of Virginia within one hundred eighty (180) days after the

date of this Order and shall not be commingled with any funds of the applicant or unit operator. Such funds shall be held for the exclusive use of, and sole benefit of, the person entitled thereto until such funds can be paid to such person(s) or the holder relinquishes such funds to the Board as required by law or the Board.

If any person whose interest is pooled hereby refuses to accept the cash bonus consideration or if any such person cannot be paid the cash bonus, royalty payment or any other payment due hereunder for any reason other than the reasons set forth above, the unit operator may deposit such cash bonus, royalty payment or other payment into an escrow account established in the accounting records of unit operator and such funds shall be credited to such account for the benefit of such person. Such funds so deposited in such escrow account shall be held for the benefit of the person(s) or until they are required to be paid to the Commonwealth.

Within thirty (30) days of the expiration of any and all election periods provided in paragraph 2, the designated operator shall tender to the State Gas and Oil Inspector a notarized statement of all disputed claims, specifically including a breakdown of the type of interest, mineral ownership and percentage of ownership. This statement shall be used in creating and establishing the escrow accounts required by this Order. If any changes in the status of conflicting claims occur, the designated operator shall immediately notify the State Gas and Oil Inspector and within thirty (30) days submit an amended disputed claims statement.

Within 30 days of receipt of a certified copy of the final legal determination of entitlement or upon receipt of an agreement signed by all

claimants, the Board shall order payment of principal and accrued interest from the escrow account described above to all persons legally entitled thereto.

(5) Any person involved herein who has not appeared in response to the notice of hearing published pursuant to the provisions of Section 4.51-361.19, Code of Virginia, 1950 as amended, and whose identity or whereabouts remains unknown at the conclusion of the hearing in this matter shall be deemed to have elected to lease his interest to the coalbed methane to the well operator designated to drill as described in paragraph 1, under the same terms and conditions as set forth in paragraph (c) above. The designated well operator shall deposit into a separate, distinct interest-bearing escrow account established by the Virginia Gas and Oil Board with the Treasurer of Virginia all proceeds attributable to the unknown lessor's interest. All sums so deposited shall be held for the unknown lessor's benefit and shall be deemed unclaimed property and disposed of pursuant to the Uniform Disposition of Unclaimed Property Act (Section 55-210.1, et seq.)

(6) Any cash bonus which becomes payable by Pocahontas Gas Partnership under the provisions of 2(c) above, shall be paid or tendered within thirty (30) days after the expiration of the election periods of this order; provided, however, if the owner entitled to such funds releases the same, or if such owner's interest in the unit involved in this cause has a defect or cloud in the title thereto, or if such owner cannot be paid such funds for any reason whatsoever other than the reasons set forth in paragraphs 2 and 3 above. Pocahontas Gas Partnership may deposit (credit) such funds due such party into an internal escrow account

established in the accounting records of Pocahontas Gas Partnership and such funds shall be credited to such account for the benefit of such owner. Such funds so deposited (credited) in such escrow account shall be held for the benefit of the owner entitled thereto until such funds can be paid to such owner, or such owner accepts such funds, or until such title defect or cloud is cured or removed to the satisfaction of Pocahontas Gas Partnership.

(7) Pocahontas Gas Partnership, in addition to any other rights afforded such party under the laws of Virginia, shall have a lien on the mineral leasehold estate or rights owned by the other well operators involved herein in the unit covered hereby and upon their shares of the production from the wells covered hereby to the extent that costs incurred in the development and operation of the gob gas production unit involved herein are a charge against such interests. Such liens shall be separable as to each separate well operator and shall remain a lien until all costs incurred in connection with the well have been paid. Upon the failure or refusal of any participating well operator to pay such well operator's proportionate part of any cost incurred hereunder in connection with the well covered hereby, Pocahontas Gas Partnership shall be entitled to receive the share of production from the wells accruing to such defaulting participating well operator's interests in the unit involved herein, or the proceeds from such share, until such proportionate part of such cost has been paid. No part of the production or proceeds accruing to any participating well operator shall be applied toward payment of costs chargeable to any other interest in such unit. If any participating well operator fails or refuses to pay such well operator's proportionate share

of the costs incurred hereunder in connection with the wells covered hereby within sixty (60) days after rendition of a statement therefor by Pocahontas Gas Partnership, the non-defaulting participating well operators, including Pocahontas Gas Partnership, shall, upon request by Pocahontas Gas Partnership, pay the unpaid amount in the proportion that the interest of each such non-defaulting participating well operator bears to the total interests of all such non-defaulting well operators. In such event, each non-defaulting well operator so paying such well operator's share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the lien rights described above.

(8) If the wells involved herein have not been commenced as of the date of this Order, Pocahontas Gas Partnership shall commence or cause to be commenced operations on such wells within three hundred and sixty-five days (365) from the date of this Order and in any event, shall continue or cause to be continued operations under this Order with due diligence; otherwise, the provisions thereof shall be inoperative and this Order shall terminate, except for any cash sums becoming payable hereunder, unless the time of commencement of such operation is extended by an Order of the Board.

(9) Pocahontas Gas Partnership shall within thirty (30) days, after completion, tender to the State Gas and Oil Inspector an itemized statement reflecting the actual cost of drilling, equipping, completing, plugging and abandoning the wells. Additional itemized statements reflecting actual operating costs shall be furnished to the State Gas and Oil Inspector on a quarterly basis. If the actual cost of drilling, completing, equipping, plugging and abandoning the wells is different than

Pocahontas Gas Partnership's estimates, appropriate adjustments to the burdens imposed on each participating or carried operator's share shall be made.


(10) Pocahontas Gas Partnership shall cause a certified copy of this Order to be mailed to the last known address of each well operator as listed in this Order.

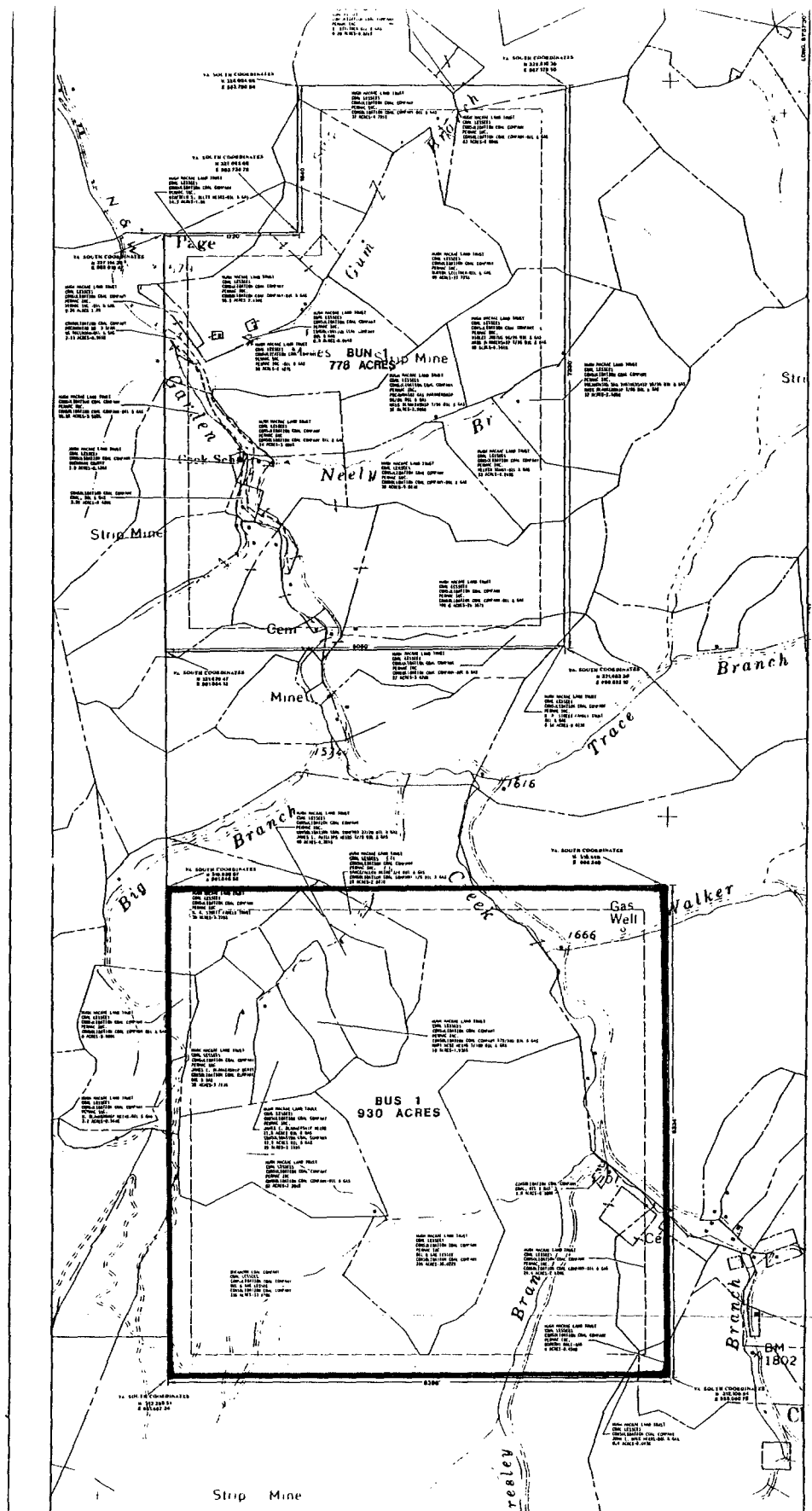
The relief granted by this Order is to avoid the drilling of unnecessary wells, prevent the various types of waste or occluded coalbed methane gas and protect the correlative rights of all owners with respect to the pools in the drilling unit involved herein.

Done and executed this 30th day of September, 1991, by a majority of the Virginia Gas and Oil Board.


CHAIRMAN

Done and performed this 30th day of September, 1991, by the Order of this Board.


Principal Executive to the Staff
Virginia Gas and Oil Board



EXPLANATION
 - - - - - PROPERTY LINE
 [Thick Black Line] PROPOSED FORCE POOLING UNIT

EXHIBIT B

POCAHONTAS GAS PARTNERSHIP
 POTENTIAL OWNERS
 FORCE POOLING UNIT BUS-1
 DOCKET NO. VGOB-0716-136

KEEN MTN. QUADRANGLE
 BUCHANAN COUNTY, VA.

SCALE 1 in. = 5000 ft.

DATE: 11/11/03
 BY: [Signature]
 FOR: [Signature]

State of Virginia
County of Washington

Acknowledged on this 30th day of September, 1991, personally before me a notary public in and for the State of Virginia appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Diane Davis
Notary Public
My commission expires 9/23/92

State of Virginia
County of Washington

Acknowledged on this 30th day of September, 1991, personally before me a notary public in and for the State of Virginia appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Diane Davis
Notary Public
My commission expires 9/23/92

VIRGINIA: In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 1st day of Oct, 1991 1:27 P M.
Deed Book No. 381 and Page No. 20.

TESTE:  Clerk

2774

CLERK'S OFFICE CIRCUIT COURT
BUCHANAN COUNTY, VIRGINIA

Filed and admitted to record.

This 15th day of Oct 1991
at 1:27 o'clock P. M.

Recorded Dead Book 381 Page 20

039 State Tax	
213 County Tax	
212 Transfer	
301 Recording	<u>32.00</u>
518 Plats	
038 State Tax	
Sec. SA.1-902	
220 Local Tax	
Sec. SA.1-902	
145 VS&F	<u>1.00</u>
Total	<u>33.00</u>

Teste by Mike, Jr., Clerk

By _____ D.C.

Department of Mineral & Energy
- PO Box 1416
Abingdon, VA 24210